

# The State Workforce: Challenges and Opportunities

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# National Perspectives

- Gallup poll cites the #1 problem facing our country is still the economy
- Do the facts support that notion?
  - Job vacancies hit a 15-year high a year ago with 5.4 million openings being advertised
  - The US Economic confidence Index is higher than it has been in the last 7 years
  - Unemployment Rate is 5.5% up slightly from 5.3% in June
  - Job growth averaged 209,000/month for the first half of 2015
  - Wages have increased on average 2% over the last year
  - Government jobs have increased by 55,000 over the last year

# Not so good for State Governments

- While private-sector employment has grown over 10% from its 2009 low...
  - State-government employment is still 1.2% below what it was in 2009.
  - Local governments are 2.5% below 2009 employment.
- Many states are still feeling the effects of the recession.

# Contributing factors

- State revenues have remained stagnant while legacy costs such as pensions are outgrowing any “new money coming in”.
- Many states are needing to invest in infrastructure costs which is leaving little money for new hires.
- 31 states with Republican governors and 32 states with a Republican majority in the house and senate who are philosophically opposed to tax increases.
- States are finding it more and more difficult to make cuts without severely impacting services to the public.

# Other key issues

- The Affordable Care Act
  - The estimated overhead cost is over a quarter of a TRILLION dollars(\$273.6 billion).
  - It is estimated for large employers(greater than 10,000 employees) health care costs will increase between \$165million and \$200million per employer as a result of ACA.
  - Total health care costs increases to large employers are expected to exceed \$200 billion over the next 10 years.

# Other Key Issues

- Changes to the Fair Labor Standards Act for overtime eligibility
  - Proposed regulations would result in 4.6 million currently exempt employees being entitled to overtime.
  - The DOL is also looking at the issue of “misclassified employees” which could significantly change the definition of employee vs. independent contractor.

# Workforce Planning

Having the right workforce in the right place at the right time.

# Retirement Eligibility

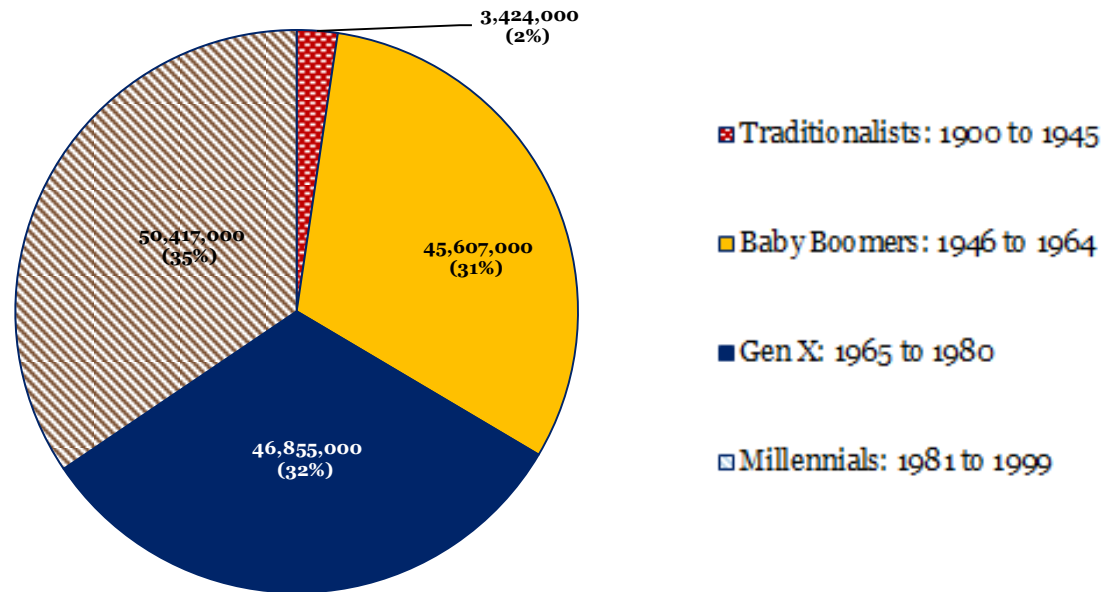
- On average, 30% of the state workforce across the country is eligible to retire within the next five years
- Pension reform encouraged some employees to retire in the past couple of years.
- Retirements are on the rise.



# The Aging State Workforce

- Average age of current state Government Employees: 45.6 years (Virginia 46.7)
- Average age of new hires: 36.1 years (Virginia 34.7)
- Percentage of current workforce under 30: 13.5%
- Average age of all industries public and private sector: 42.4%

# The National Workforce



**National Workforce**  
**Total # of employees: 146,303,000**

# Key Workforce Issues

- Baby Boomer(1946-64) births peaked around 1958 at 4.3 million births per year. Stayed above 4 million births per year for 12 years.
- Generation X(1964-82) births plummeted to a 30 year low of just over 3 million births per year.
- Millennial births(1982-2000) peaked in 1990 at 4.2 million births before starting to decline steadily. Only stayed above 4 million births per year for 6 years(half the span of baby boomers)

## And so....

- There will not be an adequate supply of labor in the workforce even combining the Gen X and Millennial populations to replace the retiring baby boomers.
- Further, the Millennial generation is entering the workforce with very different expectations than we have ever seen before.

# Generational Features(Millennials)

- Entering the workforce with the largest debt of any prior generation(average \$40,000).
  - Most resulting from student debt.
- Most educated, underemployed generation.
- Over 70% of millennials claim they still receive significant financial support from parents, including living with and/or having health care provided by parents.
- Having fewer children on average and later in life.


# Millennials at Work

- Having a sense of relevance and belonging
- Ongoing learning opportunities
- Career development and FAST promotion opportunities(not willing to start at the bottom)
- Doing interesting, responsible, challenging and meaningful work
- Flexible hours/work schedules
- Using state-of-the art technologies
- Ability to work collaboratively
- Long-term mentoring
- Very willing to move from employer to employer

# What's positive for employers

- Value diversity and transparency
- Interested in improving society
- Support equality
- Prefer collaborative work environments
- Increasing the gender gap in leadership positions and degrees in science, technology, engineering and math(STEM)

# What we are doing in PA State Government to address workforce planning and succession

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# Strategies we are using

- Commonwealth Public Service Internship
- Generational Task Force
- Rebranding to Millennials
- Focus groups with higher education and students
- Executive Fellowship Program(Summer 2017)

# What's new in PA HR

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# Enhancements to HR Services

- Expansion of services offered by our HR Service Center
- Full implementation of virtual onboarding
- Digitalization of all Official Personnel Files
- Civil Service Reform
- One HR initiative

# HR Service Center at a Glance

- Performs all transactions for the entire employee life cycle for all agencies under the executive branch(80,000+ employees covering over 40 agencies, boards and commissions). Average over 7,000 transactions per month
- Handles all employee benefit/payroll inquiries(between 7,000-10,000 calls per month)
- 20,000 “hits” per day on our self-service knowledge base.
- In March 2016 went mobile with employee self service for requesting and approving leave through any smart phone. Further enhancements on the way(travel expense approval, payroll information...etc).

# Virtual Onboarding

- All new employees are able to enroll in benefits, review and sign off on required employee policies, perform e-verify requirements and become oriented with the commonwealth and their new agency before showing up for their first day on the job.
- Has resulted in approximately \$1.2 million savings.
- Received high marks from new employees and supervisors.

# Digitization of Personnel Files

- Imaging all performed in-house by Department of Revenue's imaging services.
- Over 100,000 employee personnel files have been imaged to date.
- All current future records for employees are electronically maintained and employees and supervisors have the ability to access their official personnel file through Employee Self-Service.

# Civil Service Reform

- PA has one of the oldest merit systems in the country(1939).
- Most civil service hiring still exam based.
- Civil service systems are out dated and went end of life last summer.
- We are looking to utilize an applicant tracking system through software as a service(SAAS).
- Have also bi-partisan support from the legislature to move to a vacancy based system, expand rule-of-three, and eliminate mandatory paper mailings.

# One HR Initiative

- Designed to leverage talent and technology to enhance HR services in the commonwealth.
- Phase 1 – Streamline recruit to hire process.
  - This will create efficiencies in the agencies by centralizing operational aspects of hiring.
  - A center of expertise will be created to strategically look at how we hire and provide an enterprise approach to recruitment and talent acquisition.
  - This will also incorporate technology changes and merit system reform(End of calendar year 2016).





QUESTIONS???